

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4632-01
Bill No.: HB 1521
Subject: Economic Development
Type: Original
Date: February 13, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** assume the proposal would have no fiscal impact to their agency.

In response to a similar proposal from this year (SB 645), officials from the **Department of Insurance** assumed the proposal would have no fiscal impact to their agency.

Officials from the **Department of Economic Development (DED)** state the proposal should have no fiscal or administrative impact on their agency. DED states the legislation broadens the definition of “essential industry” for a specific project, it should have no negative fiscal impact. It could have a positive impact due to the retention of jobs, however, the dollar amount of the positive impact cannot be projected and is therefore listed as no impact at this time.

Officials from the City of Fenton did not respond to **Oversight’s** request for fiscal impact.

Oversight assumes the proposal does not change the annual cap of \$15 million in tax credits that may be authorized for this program. The proposal may result in an increased utilization of BUILD, but Oversight has reflected the cost of the program in previous fiscal notes. Therefore,

ASSUMPTION (continued)

Oversight assumes this proposal will not result in additional costs to the state above \$15 million annual threshold. The amount of tax credits issued under BUILD for the last three years has been \$3.5 million (FY 2003), \$5.1 million (FY 2004) and \$8.4 million (FY 2005).

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal expands the definition of "essential industry" to include certain businesses in the City of Fenton. Currently, only certain businesses in the City of Hazelwood are given this designation.

In order to be deemed an essential industry, the business must:

- (1) Be located in the cities of Fenton or Hazelwood;
- (2) Invest \$500 million in an economic development project within three years of receiving bonds or credits from the Missouri Development Finance Board through the Business Use Incentive for Large-Scale Development (BUILD) Program for large-scale economic development projects;

DESCRIPTION (continued)

(3) Have maintained at least 2,000 jobs at the proposed project site for a period of four years prior to applying for participation in the BUILD Program; and

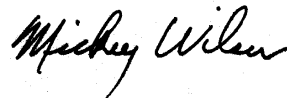
(4) Maintain the same level of employment at the site for as long as it participates in the BUILD Program.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Department of Revenue
Department of Insurance

NOT RESPONDING: City of Fenton



Mickey Wilson, CPA
Director
February 13, 2006